

# F-1120 INSTRUCTIONS

## Corporate Income/Franchise and Emergency Excise Tax Return for taxable years beginning on or after January 1, 2001.

F-1120N  
R. 01/02



Corporate income tax is imposed by section 220.11, Florida Statutes.

If you paid more than \$50,000 in tax liability during the State of Florida's prior fiscal year (July 1, 2000 - June 30, 2001) you are required to transfer your funds electronically. See Page 4.

You may qualify to file a Florida Corporate Short Form (Florida Form F-1120A). See Page 3.

For ease of processing and to ensure the Department properly records your return and payment, use an original form whenever possible.

### Worth Noting

- If Department-approved software is used to file the return and a preprinted forms package is not needed next year, check the box on Page 1 of the return. If you are using software to prepare your return, ask your software vendor for proof of approval from the Department.
- The 2001 Florida Legislature approved several law changes that will affect returns for tax year 2002:
  - A new credit for contributions to nonprofit scholarship-funding organizations will be available for tax years beginning on or after January 1, 2002. Tax Information Publication (TIP) 01C01-03 provides more details.
  - Changes have been made to the enterprise zone jobs credit effective January 1, 2002. Tax Information Publication (TIP) 01A01-06 provides more details. The TIP also outlines changes to other economic development programs, some effective July 1, 2001.

To obtain a copy of these TIPs, see "For Information and Forms" on Page 2 or visit the Department's Tax Law Library on the Internet at <http://taxlaw.state.fl.us>.

- Comments and suggestions to help us improve the F-1120 and instructions are welcome. Comments and suggestions may be addressed to:

COMMUNICATION SERVICES PROCESS  
FLORIDA DEPARTMENT OF REVENUE  
5050 W TENNESSEE ST  
TALLAHASSEE FL 32399-0100

### Important

- ✓ Be sure to make personal file copies of your return and schedules before mailing originals to the Department of Revenue.
- ✓ Use the Change of Address Form to notify the Department of changes.

### What's Inside

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## For Information and Forms

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- ◆ Information and forms are available on our Internet site at  
**www.myflorida.com/dor**
- ◆ To receive forms by mail:
  - Order multiple copies of forms from our Internet site, *or*
  - Fax your form request to the DOR Distribution Center at 850-922-2208, *or*
  - Call the DOR Distribution Center at 850-488-8422, *or*
  - Mail your form request to: Distribution Center, Florida Department of Revenue,  
168A Blountstown Hwy, Tallahassee FL 32304-3702
- ◆ To receive a fax copy of a form, call 850-922-3676 from your fax machine telephone.
- ◆ To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 1-800-352-3671 (in Florida only) or 850-488-6800. Hearing or speech impaired persons may call the TDD line at 1-800-367-8331 or 850-922-1115.
- ◆ For a written response to your questions, write: Tax Information Services, Florida Department of Revenue,  
1379 Blountstown Hwy, Tallahassee FL 32304-2716.
- ◆ To make payments or pick up forms in person, visit the nearest DOR service center. Service centers also host educational seminars about Florida's taxes.

### Florida Department of Revenue Service Centers

**Alachua Service Center**  
14107 US Highway 441 Ste 100  
Alachua FL 32615-6378  
386-418-4444 (ET)

**Clearwater Service Center**  
Arbor Shoreline Office Park  
19337 US Highway 19 N Ste 200  
Clearwater FL 33764-3149  
727-538-7400 (ET)

**Cocoa Service Center**  
2428 Clearlake Rd Bldg M  
Cocoa FL 32922-5710  
321-504-0950 (ET)

**Coral Springs Service Center**  
Florida Sunrise Tower  
3111 N University Dr Ste 501  
Coral Springs FL 33065-5096  
954-346-3000 (ET)

**Daytona Beach Service Center**  
1821 Business Park Blvd  
Daytona Beach FL 32114-1230  
386-274-6600 (ET)

**Fort Myers Service Center**  
2295 Victoria Ave Ste 270  
Fort Myers FL 33901-3871  
941-338-2400 (ET)

**Hollywood Service Center**  
Taft Office Complex  
6565 Taft St Ste 300  
Hollywood FL 33024-4044  
954-967-1000 (ET)

**Jacksonville Service Center**  
921 N Davis St A250  
Jacksonville FL 32209-6829  
904-359-6070 (ET)

**Key West Service Center**  
3118 Flagler Ave  
Key West FL 33040-4698  
305-292-6725 (ET)

**Lake City Service Center**  
2651 W US Highway 90  
Lake City FL 32055-3173  
386-758-0420 (ET)

**Lakeland Service Center**  
230 S Florida Ave Ste 101  
Lakeland FL 33801-4625  
863-499-2260 (ET)

**Leesburg Service Center**  
734 N 3rd St Ste 117  
Leesburg FL 34748-4498  
352-360-6660 (ET)

**Marianna Service Center**  
4230 Lafayette St Ste D  
Marianna FL 32446-8234  
850-482-9518 (CT)

**Miami Service Center**  
8175 NW 12th St Ste 119  
Miami FL 33126-1831  
305-470-5001 (ET)

**Naples Service Center**  
The Wilson Professional Center  
3200 Bailey Ln Ste 150  
Naples FL 34105-8506  
941-436-1050 (ET)

**Orlando Service Center**  
Orlando Executive Center  
5420 Diplomat Cir  
Orlando FL 32810-5607  
407-623-1141 (ET)

**Panama City Service Center**  
703 W 15th St Ste A  
Panama City FL 32401-2238  
850-872-4165 (CT)

**Pensacola Service Center**  
3670C N L St  
Pensacola FL 32505-5217  
850-595-5170 (CT)

**Port Richey Service Center**  
6709 Ridge Rd Ste 300  
Port Richey FL 34668-6842  
727-841-4407 (ET)

**Port Saint Lucie Service Center**  
900 E Prima Vista Blvd Ste 300  
Port Saint Lucie FL 34952-2363  
561-871-7620 (ET)

**Sarasota Service Center**  
Sarasota Main Plaza  
1991 Main St Ste 240  
Sarasota FL 34236-5934  
941-361-6001 (ET)

**Tallahassee Service Center**  
2410 Allen Rd  
Tallahassee FL 32312-2603  
850-488-9719 (ET)

**Tampa Service Center**  
Ste 100  
6302 E Martin Luther King Blvd  
Tampa FL 33619-1166  
813-744-6344 (ET)

**West Palm Beach Service Center**  
2468 Metrocentre Blvd  
West Palm Beach FL 33407-3199  
561-640-2800 (ET)

**CT—Central Time  
ET—Eastern Time**

### Out-of-State Service Centers

**Atlanta Service Center**  
1691 Phoenix Blvd Ste 350  
College Park GA 30349-5566  
770-996-9100 (ET)

**Boston Branch Office**  
3 Overlook Dr Ste 8  
Amherst NH 03031-2830  
603-672-3480 (ET)

**Chicago Service Center**  
4415 W Harrison St Ste 448  
Hillside IL 60162-1906  
708-449-8282 (CT)

**Cincinnati Branch Office**  
8118 Corporate Way Ste 140  
Mason OH 45040-9560  
513-398-9933 (ET)

**Dallas Service Center**  
4425 W Airport Freeway Ste 575  
Irving TX 75062-5822  
972-570-1070 (CT)

**Houston Branch Office**  
1415 N Loop W Ste 1190  
Houston TX 77008-1660  
713-864-1286 (CT)

**Los Angeles Service Center**  
2190 S Towne Centre PL Ste 210  
Anaheim CA 92806-6129  
714-704-1540 (PT)

**New York Service Center**  
3 Garret Mountain Plz Ste 301  
West Paterson NJ 07424-3352  
973-278-2811 (ET)

**Philadelphia Branch Office**  
215 W Church Rd Ste 299  
King of Prussia PA 19406-3207  
610-768-8890 (ET)

**Pittsburgh Service Center**  
9000 Brooktree Rd Ste 200  
Wexford PA 15090-9288  
724-940-1880 (ET)

**CT—Central Time  
ET—Eastern Time  
PT—Pacific Time**

# Instructions for preparing Florida Forms F-1120, F-7004, and F-1120ES For taxable years beginning on or after January 1, 2001

## General Information

### Who Must File a Florida Corporate Income/ Franchise Tax Return?

- **All domestic and foreign corporations** (including tax-exempt organizations) doing business, earning income, or existing in Florida.
- **Every bank and savings association** doing business, earning income, or existing in Florida.
- **All associations or entities** doing business, earning income, or existing in Florida.
- **Foreign (out-of-state) corporations** that are partners or members in a Florida partnership or joint venture. A “Florida partnership” is a partnership doing business, earning income, or existing in Florida.
- **Limited liability companies** classified as corporations for federal tax purposes. A corporation with ownership in a Florida limited liability company treated as a partnership for federal income tax purposes is subject to the Florida Income Tax Code and must file a form F-1120. A limited liability company classified as a partnership or disregarded for federal tax purposes is not required to file a Florida corporate income tax return. However, if a limited liability company has a corporate partner, it is required to file a *Florida Partnership Information Return*, Florida Form F-1065.
- **Homeowner and condominium associations** that file federal Form 1120H must file Florida Form F-1120 or F-1120A for the first year in Florida. Only the information questions need to be answered. Returns for subsequent years are not required when federal Form 1120H continues to be filed. If federal Form 1120 is filed, a Florida Form F-1120 or F-1120A is required regardless of whether any tax may be due. Florida Form F-1120 or F-1120A is also required for the first year federal Form 1120H is filed subsequent to the filing of federal Form 1120. Florida Form F-1120A can be filed only if all the criteria for that form are met.
- **Political organizations** that file federal Form 1120POL.
- **S corporations** must file Form F-1120 or F-1120A for the first year they qualify as S corporations for federal tax purposes or the first year foreign (out-of-state) S corporations do business in Florida. If the S corporation does not have federal taxable income, only the information questions need to be answered. Attach the first four pages of the federal Form 1120S to Florida Form F-1120. There is no filing requirement for subsequent years as long as the federal subchapter S election continues, except for tax years that an S corporation is subject to federal tax. **S corporations that have federal taxable income must file Florida Form F-1120 or F-1120A and are subject to Florida corporate income tax.** Florida Form F-1120A can be filed only if all the criteria for that form are met.
- Effective January 1, 1997, **qualified subchapter S subsidiaries (QSSS)** are not treated as separate entities from their parent corporations for purposes of Florida corporate income tax. The qualified subchapter S subsidiary is required to file an informational return (Form F-1120) that identifies the subsidiary, the S corporation parent, and the effective date of the election. There is no filing requirement for subsequent years as long as the federal subchapter S election continues for the parent, except for tax years that the S corporation is subject to federal tax. **S corporations that have federal taxable income must file Florida Form F-1120 or F-1120A and are subject to Florida corporate income tax.** Florida Form F-1120A can be filed only if all the criteria for that form are met.
- **Tax-exempt organizations that are fully exempt** from federal income tax and have a “determination letter” from the Internal Revenue Service to that effect, must attach a copy of the determination letter to Florida Form F-1120 for the first year they qualify as an exempt organization or the first year they are subject to the Florida Income Tax Code. Additional returns will not be required as long as the organization continues to qualify for exemption from federal income tax. Organizations that have “unrelated trade or business income” must file Florida Form F-1120 or F-1120A annually and are subject to Florida corporate income tax. Florida Form F-1120A can be filed only if all the criteria for that form are met.

**Note:** A late-filed return will subject a corporation to penalty, whether or not tax is due.

### Florida Corporate Short Form F-1120A

Corporations or other entities subject to Florida corporate income tax must file Florida Form F-1120 unless qualified to file *Florida Corporate Short Form Income Tax Return*, Form F-1120A.

### Who is Eligible to File Florida Form F-1120A?

A corporation qualifies to file Florida Form F-1120A if it meets **ALL** the following criteria:

- It has Florida net income of \$45,000 or less.
- It conducts 100 percent of its business in Florida (does not apportion income).
- It does not report any additions to and/or subtractions from federal taxable income other than a **net operating loss deduction** and/or **state income taxes**, if any.
- It has no Florida Emergency Excise Tax (EET) liability. Corporations that only have assets placed into service after January 1, 1987, are not subject to Florida EET.
- It does not file a consolidated corporate return. Qualified subchapter S subsidiaries must file Form F-1120.
- It claims no tax credits other than tentative tax payments or estimated tax payments.
- It is not required to pay Federal Alternative Minimum Tax.

## When is Florida Form F-1120 Due?

Generally, Florida Form F-1120 is due on or before the first day of the fourth month following the close of the tax year or the 15th day following the due date, without extension, for the filing of the related federal return for the taxable year, whichever is later.

A return is considered **timely filed** if postmarked on or before the applicable due date. If the due date falls on a Saturday, Sunday, or federal or state holiday, the return is considered timely filed if postmarked on the next business day. A return must be filed, even if no tax is due.

## Extension of Time to File

To apply for an extension of time for filing Florida Form F-1120, complete Florida Form F-7004, *Florida Tentative Income/ Franchise and/or Emergency Excise Tax Return and Application for Extension of Time to File Return*. Florida Form F-7004 with instructions is included in the Florida Form F-1120 package.

A copy of the **federal extension** alone will not extend the time for filing the Florida return. Florida Form F-7004 must be filed to extend the time to file. An extension for Florida tax purposes may be granted, even though no federal extension was granted, if good cause for an extension is shown.

Florida Form F-7004, along with payment of all the tax due (tentative tax), must be filed on or before the original due date of Florida Form F-1120. An extension of time will be void if: 1) payment is not made with the application, or 2) the required payment is underpaid by the greater of \$2,000 or 30 percent of the tax shown on Florida Form F-1120 when filed. Extensions are valid for six months. Only one extension is permitted per tax year.

## Payment of Tax

The amount of tax due, as shown on Line 18 of the return, must be submitted by the original due date along with the return or extension of time. Payment must be made in U.S. funds. If the tax is not paid on time, penalties and interest apply.

## Using Payment Credits

When a corporation makes payment using payment credits from a different FEI number, the following documentation is required:

- Written authorization, including an original signature of a corporate officer, from the corporation or entity where the payment credit is to be transferred from.
- The FEI numbers of the corporations or entities involved.
- The complete corporation names.
- The applied period (taxable year-end) for the payment credits which are to be transferred.
- The type of credit and the amount of payment credit to be transferred.

## Where to Send Payments and Returns

Make check payable to and send with return to:  
FLORIDA DEPARTMENT OF REVENUE  
5050 W TENNESSEE ST  
TALLAHASSEE FL 32399-0135

If you are requesting a refund (Line 20), send your return to:  
FLORIDA DEPARTMENT OF REVENUE  
PO BOX 6440  
TALLAHASSEE FL 32314-6440

## Electronic Funds Transfer

If you paid more than \$50,000 in tax liability during the State of Florida's prior fiscal year (July 1, 2000 - June 30, 2001), you are required to transmit your funds electronically. Please contact the Department at 850-487-7972 for further details.

## Penalties

**Late-Filed Return**—The penalty for a late-filed return is 10 percent per month, or fraction thereof, not to exceed 50 percent of the tax due with the return. If no tax is due and a return is filed late, the penalty is \$50 per month or fraction thereof, not to exceed \$300.

**Underpayment of Tentative Tax**—The penalty for underpayment of tentative tax is 12 percent per year during the extension period on the underpaid amount from the original due date of the return.

**Underpayment of Estimated Tax**—The penalty for underpayment of estimated tax is 12 percent per year. If estimated tax has been underpaid, Florida Form F-2220, *Underpayment of Estimated Tax*, should be completed and attached to Florida Form F-1120 (see Line 15 instructions).

**Incomplete Return**—For an incomplete return, the penalty is the greater of \$300 or 10 percent of the tax finally determined to be due, not to exceed \$10,000. An incomplete return is one that cannot be readily handled, verified, or reviewed.

**Fraudulent Return**—The penalty for filing a false or fraudulent return is 100 percent of the deficiency.

## Interest

A floating rate of interest applies to underpayments, late payments, and overpayments of corporate income tax and emergency excise tax. The floating interest rate is updated January 1 and July 1 of each year by using the formula established in section 220.807, Florida Statutes. For information on current and prior period interest rates refer to the "For Information and Forms" section on Page 2.

## Attachments and Statements

Attach one of the following to Florida Form F-1120:

- Copies of Pages 1 through 4 of federal Form 1120.
- Copies of Pages 1 and 2 of federal Form 1120A.
- A copy of the actual federal income tax return filed with the Internal Revenue Service (IRS).

You must also attach copies of federal Forms 4562, 851, 1122, 4626, Schedule D, and any supporting details for Schedules M-1 and M-2. Other supporting schedules must be attached if requested in these instructions.

**Do not detach the *Payment Coupon***, Florida Form F-1120P, even if no tax is due. If you detach the payment coupon your account may not be properly credited.

Attachments may be used if the lines on Florida Form F-1120 or on any schedules are not sufficient. The attachments must contain all the required information and follow the format of the schedules on the return. Enter the taxpayer's name and FEIN on all attachments exactly as they appear on the front page of the Florida Form F-1120.

## Taxable Year and Accounting Methods

The taxable year and method of accounting is the same for Florida income tax purposes as that used for federal income tax purposes. If the taxable year or method of accounting is changed for federal income tax purposes, the taxable year or method of accounting must be changed for Florida purposes.

## Rounding Off to Whole-Dollar Amounts

Whole-dollar amounts may be entered on the return and accompanying schedules. To round off dollar amounts, drop amounts less than 50 cents to the next lowest dollar and increase amounts from 50 cents to 99 cents to the next highest dollar. If this method is used on the federal return, it must be used on the Florida return; otherwise, the treatment is optional.

## Federal Employer Identification Number (FEIN)

If you have not received your FEIN, write "Applied For" in the space provided. When the number is received, send a copy of the IRS notification to:

FLORIDA DEPARTMENT OF REVENUE  
5050 W TENNESSEE ST  
TALLAHASSEE FL 32399-0100

## To Amend a Return

Complete Florida Form F-1120X to amend an income tax return. If a federal amended return is filed or other re-determination of federal income is made (for example, through an audit adjustment), and the adjustments would affect net income subject to the Florida corporate income/franchise tax or the emergency excise tax, an amended Florida return must be filed. A copy of the amended federal return or other adjustments, such as a Revenue Agent's Report, must be attached to the amended Florida return.

## Intangible Tax Filing Option

The intangible tax filing option is available for corporations that file Florida Form F-1120 between 01/01/2002 and 06/30/2002 and whose intangible tax liability for 2002 is less than \$60.00.

**Note:** Intangible assets must be valued as of January 1st each year. Refer to Question K of General Information Questions A-M for complete information.

# Estimated Tax (Form F-1120ES)

## Who Must Make Estimated Tax Payments?

If the combined amount of income tax and emergency excise tax liability for the year is expected to be **more than \$2,500**, a declaration of estimated tax for the taxable year must be made. Complete the *Estimated Tax Worksheet*, which follows the schedules in the F-1120 forms package, to determine if a declaration and payment of estimated tax is required and due.

## Forms for Declaration and Payment of Estimated Tax

Florida Form F-1120ES, *Declaration/Installment of Florida Estimated Income/Franchise and/or Emergency Excise Tax*, for the four installments are included in the corporate income tax forms package. Basic instructions for filing are on the back of Florida Form F-1120ES. The Department does not send reminder notices for estimated tax installments.

**Note:** Payments must not be annualized.

## Short Taxable Years

A separate declaration (Form F-1120ES) must be filed when a return is required for a period of less than twelve months, unless the short period is less than four months or the requirement is first met after the first day of the last month in the short taxable year. When determining whether a declaration must be filed for a short taxable year, which results from a change in annual accounting period, net income for the short period should be placed on an annual basis. Multiply the amount by twelve and divide the result by the number of months in the short period.

## Amended Declaration (Form F-1120ES)

A declaration of estimated tax is based upon a reasonable projection of tax liability. Circumstances may develop during the year that warrant a revision of the original estimated tax, either upward or downward. If the revised estimate differs materially from the original estimate, file an amended declaration on or before the next installment due date on Florida Form F-1120ES.

## Underpayments of Estimated Tax

If estimated tax is underpaid, penalty and interest apply (see previous sections entitled "Penalties" and "Interest" and the instructions for Line 15).

## Due Dates for Declaration and Payment

The table on Page 18 shows the due dates of declarations and payments for taxpayers. Use it in conjunction with Instruction 2 on the back of Florida Form F-1120ES.

Corporations having a 52-week or 53-week annual accounting period should file a declaration and make payments on dates nearest those shown in the table.

## Special Instructions

### Consolidated Returns

The privilege of electing to file a Florida consolidated income tax return is limited to an affiliated group where **the parent corporation is subject to the Florida Income Tax Code** and the following qualifications have been met:

1. The affiliated group must have filed a consolidated return for federal tax purposes.
2. The affiliated group electing to file a Florida consolidated return must be identical to the affiliated group filing the federal consolidated return.
3. In the initial year of election, *Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income and Emergency Excise Tax Return* (Florida Form F-1122) must be completed by each affiliated member and attached to the Florida consolidated return.
4. Florida Form F-1122 must be completed and attached for each new member of the affiliated group.
5. A copy of federal Form 851 or Florida Form F-851 (*Corporate Income/Franchise and Emergency Excise Tax Affiliations Schedule*), must be attached to every Florida consolidated return filed.
6. The election must be made by the due date of the return, including properly filed extensions.

The filing of a Florida consolidated tax return for any taxable year requires the filing of a consolidated return for all subsequent years, including subsequent additions to the group, even if the parent subsequently is not subject to Florida tax. For more information see Rule 12C-1.011, Florida Administrative Code (F.A.C.) titled *Tax Imposed*.

It is not necessary for consolidated filers to send a separate Florida Form F-1120 for each subsidiary. A Florida Form F-851 (*Corporate Income/Franchise and Emergency Excise Tax Affiliations Schedule*) listing the subsidiary corporations is sufficient documentation. A copy of the federal Form 851 will also satisfy the requirement.

### Florida Net Operating Loss Carryover Deduction (NOLD)

In computing Florida taxable income, a Florida net operating loss cannot be carried back as a deduction to a prior taxable year. A net operating loss can only be carried over to subsequent taxable years and treated in the same manner, to the same extent, and for the same time periods prescribed in s. 172, Internal Revenue Code (I.R.C.).

The Florida subtraction for federal net operating losses is limited to the portion of the carry forward apportioned to Florida using the apportionment fraction for the year in which the loss occurred.

To support a deduction, a **schedule** must be attached showing how the deduction was computed, i.e., year(s) of loss, apportionment fraction for the taxable year in which the loss occurred, and amount of the carryover(s) previously deducted.

If a taxpayer's business is entirely in Florida, the Florida net operating loss carryover deduction available should be entered on Schedule II, Line 3.

If a taxpayer's business is both within and without Florida, enter zero (0) on Schedule II, Line 3, and the amount of the NOLD on Schedule IV, Line 4.

Florida Statutes do not provide for a separate calculation for an Alternative Minimum Tax (AMT) net operating loss. The regular NOLD available must be used against regular taxable income or Alternative Minimum Taxable Income (AMTI). The NOLD carryover will be reduced by the amount actually used as a deduction from the regular Florida taxable income or the Florida AMTI. The Florida Income Tax Code does not limit the amount of the NOLD to 90 percent of the alternative minimum taxable income before the NOLD.

### Florida Net Capital Loss Carryover Deduction

In computing Florida taxable income, a net capital loss cannot be carried back as a deduction to a prior taxable year, but can only be carried over to subsequent tax years and treated in the same manner, to the same extent, and for the same periods prescribed in s. 1212, I.R.C.

The Florida subtraction for net capital loss carryovers is limited to the portion of the carry forward apportioned to Florida using the apportionment fraction for the year in which the loss occurred.

To support a deduction, a **schedule** must be attached showing how the deduction was computed, i.e., year(s) of loss, apportionment fraction for the taxable year in which the loss occurred, and amount of the carryover(s) previously deducted.

A taxpayer doing all of its business in Florida should enter the Florida net capital loss carryover on Schedule II, Line 4.

A taxpayer doing business within and without Florida should enter zero (0) on Schedule II, Line 4, and the Florida portion of net capital loss carryover on Schedule IV, Line 4.

### Florida Excess Contribution Carryovers

The Florida subtraction for federal excess contributions deduction is limited to the portion of the carry forward apportioned to Florida using the apportionment fraction for the year in which the carry forward occurred.

To support a deduction, a **schedule** must be attached showing how the deduction was computed, i.e., year(s) of excess contributions, apportionment fraction for the taxable year(s), and amount of the carryover(s) previously deducted.

A taxpayer doing all of its business in Florida should enter the Florida excess charitable or employee benefit plan contribution carryover on Schedule II, Line 5.

A taxpayer doing business within and without Florida should enter zero (0) on Schedule II, Line 5, and the Florida portion of its Florida excess charitable or employee benefit plan contribution carryover on Schedule IV, Line 4.

# Line-by-Line Instructions for Completing Florida Form F-1120

Instructions are numbered to correspond with the appropriate schedule and line numbers.

## Computation of Florida Net Income and Emergency Excise Tax

Chapter 220, Florida Statutes (F.S.), provides that Florida net income must be based on federal taxable income with certain modifications. Such modifications include Florida additions and subtractions, apportionment, and the Florida exemption.

### Line 1 - Federal Taxable Income

Generally, corporations should enter the amount shown on Line 30 of federal Form 1120 or the corresponding line (taxable income) of the federal income tax return filed.

If a corporation is a member of an affiliated group that filed a consolidated federal tax return, but the corporation is filing a separate return for Florida, the amount shown on Line 1 of the F-1120 should be its federal taxable income computed as if it had filed a separate federal income tax return. Attach to Florida Form F-1120 a copy of the federal consolidated return filed and a statement reconciling the amount reported on Line 1 with the taxable income shown on Line 30 of the federal consolidated return.

When a Florida consolidated return is filed, the amount that should be entered is the consolidated federal taxable income from Line 30 of federal Form 1120 or the corresponding line (taxable income) of the federal income tax return filed. Generally, the Florida consolidated group must be identical to the federal consolidated group.

S corporations should enter only the amount of income subject to federal income tax at the corporate level.

### Line 2 - State Income Taxes Deducted in Computing Federal Taxable Income

Enter the total amount of state income taxes deducted on the federal return in the computation of federal taxable income. Include the amount deducted for income taxes paid to all states, including Florida. Also include any Florida emergency excise tax deducted on the federal return. Do not include taxes based on gross receipts, or income taxes paid to cities or counties. Prepare a list identifying the amount of tax and the state to which it is paid, and attach it to Florida Form F-1120.

### Line 3 - Additions to Federal Taxable Income

Enter the total amount of additions or adjustments to federal taxable income shown on Schedule I, Line 10, Column (a).

### Line 5 - Subtractions from Federal Taxable Income

Enter the total amount of subtractions from federal taxable income shown on Schedule II, Line 9, Column (a).

### Line 6 - Adjusted Federal Income

Subtract Line 5 from Line 4 and enter the difference.

### Line 7 - Florida Portion of Adjusted Federal Income

If the taxpayer's business is entirely within Florida, enter the amount reported on Line 6 on this line, also.

If the taxpayer is doing business both within and without Florida, complete Schedules III and IV and enter the adjusted federal income amount from Schedule IV, Line 5, Column (a).

### Line 8 - Nonbusiness Income Allocated to Florida

If the taxpayer's business is entirely within Florida, enter zero (0). If the business is both within and without Florida, see instructions for Schedule R.

### Line 9 - Florida Exemption

Section 220.14, F.S., provides for an exemption up to \$5,000 of net income. The amount of the exemption is the lesser of \$5,000 or the Florida portion of adjusted federal income plus nonbusiness income allocated to Florida (Line 7 plus Line 8). If the sum of Line 7 plus Line 8 is zero or less, enter zero (0).

Only one \$5,000 exemption is allowed to the members of a controlled group of corporations as defined in s. 1563, I.R.C. If a consolidated return is filed, the amount of exemption to be taken on Line 9 is limited to the lesser of \$5,000 or the Florida portion of adjusted income plus nonbusiness income allocated to Florida (Line 7 plus Line 8). If separate returns are filed by members of the controlled group, a schedule listing the name, address, taxable year, FEIN, and the apportioned amount of the \$5,000 exemption for each corporation must be included with each return. Attaching the schedule shows consent to an unequal apportionment of the Florida exemption. If no schedule is attached, it will be treated as if the controlled group has consented to an equal apportionment of the exemption.

If the taxable year is less than 12 months, the \$5,000 exemption must be prorated. Multiply \$5,000 by the number of days in the short tax year divided by 365.

### Line 10 - Florida Net Income

Subtract Line 9 from the sum of Lines 7 and 8 and enter the difference. If the result is a loss, enter zero (0).

### Line 11 - Tax Due

Enter 5.5 percent of Line 10 or the amount from Schedule VI (*Computation of Florida Alternative Minimum Tax*), Line 11, whichever is greater.

### Line 12 - Credits Against the Tax

Enter the total credits against the tax from Schedule V, Line 16. Credits against the tax cannot exceed the amount on Line 11. Credits cannot create a refund.

### Line 13 - Emergency Excise Tax Due

Enter the total emergency excise tax due from Schedule A, Line 20.

### Line 14 - Total Corporate Income/Franchise and Emergency Excise Tax Due

Subtract Line 12 from Line 11. Add the difference to Line 13 and enter the sum on Line 14.

### Line 15 - Penalty and Interest

If estimated tax has been underpaid, compute penalty and interest using Florida Form F-2220 and enter the amounts on Lines 15 (a) and (c). To obtain Florida Form F-2220, see "For Information and Forms" on Page 2.

Penalty and interest on an underpayment of estimated tax are computed from the installment due date until the earlier of the payment date or due date for filing the annual tax return, without regard to any extension of time. No penalty or interest will apply if the cumulative amount paid or credited for each installment equals or exceeds the cumulative amount due if the installments were based on:

- At least 90 percent of the tax finally shown to be due for the taxable year; *or*
- The tax computed using the prior year facts and income and current year rates.

Enter any other penalty or interest due on Lines 15 (b) and (d) respectively. See also "Penalties" and "Interest" on Page 4.

#### **Line 16 - Total of Lines 14 and 15.**

#### **Line 17 - Payment Credits**

Enter the total estimated tax payments, if any, made for the taxable year on Line 17a. If Florida Form F-7004 was filed, enter the tentative tax paid on Line 17b. Add the estimated tax payments and the tentative tax paid (Lines 17a plus 17b). Enter that sum on Line 17. Attach a schedule of payments showing the amounts paid and dates of each payment.

#### **Line 18 - Total Amount Due or Overpayment**

Subtract the amount on Line 17 from Line 16 and enter the difference of tax due or overpayment. If this line reflects tax due, also enter this amount in the space provided on the front of the *Payment Coupon*, Form F-1120P. The coupon is located at the bottom of Page 1 of Form F-1120. Make any check payable to the Florida Department of Revenue.

#### **Line 19 - Credit**

If Line 18 reflects an overpayment, enter the amount of overpayment to be credited as estimated tax paid for the following taxable year. All or any portion of an overpayment may be credited as estimated tax for the next year. Also enter this amount in the space provided on the front of the *Payment Coupon*, Form F-1120P. The coupon is located at the bottom of Page 1 of Form F-1120.

#### **Line 20 - Refund**

If Line 18 reflects an overpayment, enter the amount of overpayment to be refunded. All or any portion of an overpayment may be refunded. Line 20 must be completed in order to receive a refund. Also enter this amount in the space provided on the front of the *Payment Coupon*, Form F-1120P. The coupon is located at the bottom of Page 1 of Form F-1120. If no entry is made on Line 20 or the payment coupon, the entire amount of overpayment will be credited to next year's estimated tax.

### **Signature and Verification**

An officer of the entity who is authorized to sign for that entity must sign all returns. An **original signature** is required. A photocopy, facsimile, or stamp will not be accepted. A receiver, trustee, or assignee must sign any return required to be filed on behalf of any organization.

Any person, firm, or corporation who prepares a return for compensation must also sign the return and provide:

- Federal employer identification number (FEIN), if applicable, **and**
- Social security number (SSN) or preparer tax identification number (PTIN).

### **Questions A through M**

All taxpayers are required to answer the appropriate information questions A through M. The following instructions apply to specific questions:

**Question B** - Enter the Florida document number received from the Florida Secretary of State. For information contact the Department of State, Corporate Information at 850-488-9000.

**Question D** - Check the "Initial return" box if the return is the initial Florida return filed. Check "Final return" only if a final federal return has also been filed. When a C Corporation elects to become an S corporation, the final C return is not considered to be a final tax return for the corporation. A return for a foreign (out-of-state) corporation that has ceased doing business in Florida is not a final return.

**Question E** - Check the "Depreciation election" (General Rule, Election A, or Election B). Taxpayers beginning business in Florida on or after January 1, 1987 should check General Rule. See Schedule A Instructions, "Depreciation Elections."

**Question F** - Enter the Principal Business Activity Code that pertains to Florida business activities. If the Principal Business Activity Code is unknown, see the "Codes for Principal Business Activity" section of the IRS Instructions for Forms 1120 and 1120-A.

**Question I** - Enter the address where corporate books and records are located.

**Question K** - All corporations, excluding tax-exempt organizations qualifying as exempt from federal income tax under s. 501(c)(3), I.R.C., have an intangible tax filing or notice requirement which must be met by June 30 each year. Intangible assets must be valued as of January 1 each year. Refer to *Florida Intangible Personal Property Tax Return for Corporation, Partnership, and Fiduciary Filers* (Form DR-601C) for information on calculating intangible tax liability.

The **intangible tax filing option** is available for corporations that file Form F-1120 between January 1, 2002 and June 30, 2002 and have an intangible tax liability of less than \$60.00. The taxpayer may check this box instead of filing an intangible personal property tax return with the Florida Department of Revenue.

Two electronic filing methods are available for corporations that have an intangible tax liability of less than \$60.00, but do not file a Florida corporate income tax return by June 30, 2002. Both of these methods will automatically update the taxpayer's account and eliminate the need to file a paper return or information report. A taxpayer can:

- Use the Internet to submit a *Zero Tax Notification* form online. Access the system through [www.myflorida.com/dor](http://www.myflorida.com/dor) and click on the e-Services icon. The system will provide a confirmation page that will prove that the notification was filed.
- Use the TeleFile system at 1-800-550-6713. The system will provide a confirmation number that will prove that the notification was filed.

**Question M - Type of federal return filed.** Enter the type of federal return filed with the Internal Revenue Service.

## Schedule A – Computation of Emergency Excise Tax (EET)

Schedule A applies only to depreciable assets using the ACRS depreciation method put in service from January 1, 1981, through December 31, 1986. Schedule A does not apply if the inception date of the business is on or after January 1, 1987. If you are completing Schedule A for the first time, you are required to follow the “General Rule” election explained below, because the right to choose Election A or B expired on December 31, 1986. If you are required to pay EET, it can be claimed as a credit in the fifth taxable year following the year it is paid.

### Depreciation Elections

The “**General Rule**” refers to s. 220.03(5)(a), F.S. Pursuant to this section, all amendments to the Internal Revenue Code of 1954 which were enacted after January 1, 1980, and before January 1, 1982, and have effective dates prior to January 1, 1982, were given effect under Chapter 220, F.S., retroactively to the effective date of such amendments. Taxpayers who elected to be governed by the General Rule; or did not make a valid election pursuant to s. 220.03(5)(b), F.S., or s. 220.03(5)(c), F.S., for taxable years beginning prior to January 1, 1987, are subject to the EET on assets placed in service between January 1, 1981, and December 31, 1986.

“**Election A**” means the election made by taxpayers for taxable years beginning prior to January 1, 1987, pursuant to s. 220.03(5)(b), F.S., to report and pay the corporate income/franchise tax as if the amendments to the Internal Revenue Code that were enacted after January 1, 1980 and before January 1, 1982, became effective on January 1, 1982. Taxpayers who made Election A are required to make a depreciation adjustment in computing the corporate income/franchise tax if any depreciable assets were placed in service between January 1, 1981, and December 31, 1981, but are not subject to EET on those assets. Taxpayers who made Election A are subject to the EET on assets placed in service between January 1, 1982, and December 31, 1986.

“**Election B**” means the election made by taxpayers for taxable years beginning prior to January 1, 1987, pursuant to s. 220.03(5)(c), F.S., to report and pay the corporate income/franchise tax as if the Internal Revenue Code of 1954, as amended and in effect on January 1, 1980, is in effect indefinitely. Taxpayers who made Election B are required to make a depreciation adjustment in computing the corporate income/franchise tax if any depreciable assets were placed in service between January 1, 1981, and December 31, 1986, but are not subject to EET. Taxpayers who properly made Election B should not complete Schedule A, but should include any required adjustments to depreciation on the “Other Additions” line of Schedule I.

If a consolidated Florida corporate income/franchise tax return is filed, a separate schedule listing the name, address, FEIN, and the depreciation election (General Rule, Election A, or Election B) of each included corporation must be attached.

### Line 1 - Total Depreciation Expense Deducted on Federal Form 1120

Enter the total depreciation deducted as an expense on federal Form 1120. This amount includes depreciation expenses calculated on federal Form 4562 and any other depreciation expenses deducted on the federal income tax return. Corporations that are members of a partnership or joint venture must also include their distributive share of partnership depreciation deductions. A copy of federal Form 4562 must be attached to this return.

### Line 2 - Florida Portion of Adjusted Federal Income

Taxpayers not required to calculate Florida alternative minimum tax (AMT) should enter the amount from Line 7 of the front page of the return. Taxpayers required to calculate Florida AMT should enter the greater of Line 7 from the front page of the return or Line 7 from Schedule VI. (**Note:** If both amounts are positive, the amount entered will not affect the calculation.)

### Line 3 - Loss Carry Forward

If Schedule A, Line 2 shows a positive amount (gain), enter zero (0). If Schedule A, Line 2 shows a loss or zero, enter the loss carry forward, if any, from Schedule II, Line 3 or Schedule IV, Line 4 of Florida Form F-1120.

### Line 5 - Depreciation Deducted Pursuant to s. 168, I.R.C.

The depreciation expense deducted on federal Form 1120 pursuant to s. 168, I.R.C., for any asset placed in service between January 1, 1981, and December 31, 1986, should be entered for all taxpayers subject to the General Rule [s. 220.03(5)(a), F.S.]. If the corporation is a member of a partnership or joint venture, the distributive share of the depreciation deduction pursuant to s. 168, I.R.C., for all assets placed in service between January 1, 1981, and December 31, 1986, must also be included on Line 5.

Taxpayers governed by Election A [s. 220.03(5)(b), F.S.] should enter the depreciation expense deducted on federal Form 1120 pursuant to s. 168, I.R.C., for any asset placed in service between January 1, 1982, and December 31, 1986. If a corporation that made Election A is a member of a partnership or joint venture, the distributive share of the depreciation deduction on assets placed in service between January 1, 1982, and December 31, 1986, must also be included in Line 5.

### Line 6 - Depreciation Deducted Pursuant to s. 168(b)(3) and 60 Percent of Amount Previously Taxed on Schedule VI

- (a) Enter the amount of straight-line depreciation included on Schedule A, Line 5 and deducted on federal Form 1120 pursuant to s. 168(b)(3), I.R.C.
- (b) Taxpayers required to pay Florida AMT should enter the sum of: (1) any straight-line depreciation included on Schedule A, Line 5, deducted on federal Form 1120 pursuant to s. 168(b)(3), I.R.C. and (2) 60 percent of the depreciation included on Schedule A, Line 5, which was also included on federal Form 4626 as a tax preference amount or ultimately included within the adjusted current earnings (ACE) adjustment.

### Line 7 - Depreciation Related to Nonbusiness Income

Enter the amount of depreciation on Schedule A, Line 5, that is directly related to an amount subtracted as nonbusiness income on Schedule II, Line 6.

### Line 12 - Nonbusiness Income

Determine the amount of all depreciation deducted pursuant to s. 168, I.R.C. [except s. 168(b)(3), I.R.C.] that is directly related to an amount of nonbusiness income allocated to Florida. Multiply this amount of depreciation by 40 percent and enter on Line 12.

### Line 15 - Exemption

- (a) Taxpayers not required to pay Florida AMT should enter the difference between \$5,000 and the amount of the Florida exemption taken on Line 9, on the front page of Florida Form F-1120.
- (b) Taxpayers required to pay Florida AMT should enter the difference between \$5,000 and the amount of the Florida exemption taken on Schedule VI, Line 9.

### Line 19 - Emergency Excise Tax (EET) Credit

A credit is allowed in the fifth taxable year following the taxable year for which EET was paid. The amount of the EET credit is equal to the amount of the EET paid plus any credit or carryover applied to reduce the amount of EET due. **Attach a schedule showing computation to support the credit claimed.**

The sum of the EET credit available for the tax year and any carryovers of EET credits may not exceed the current year EET liability. If the amount of the credit exceeds the EET due, the excess amount may be taken on Schedule V, Line 8.

When a final return is filed, the taxpayer must compute EET due for the final tax year. However, the taxpayer will be allowed to take the EET liability computed for the final year as a credit against the EET due for that year. Therefore, the taxpayer will not actually have any liability for EET in the final year. **Note:** A return is only considered to be a final return for Florida when it is considered to be a final return for federal purposes. When a C corporation elects to become an S corporation, the "final" C return is not considered to be a final tax return for the corporation. A return for a foreign (out-of-state) corporation that has ceased doing business in Florida is not a final return.

## Schedule I – Additions and/or Adjustments to Federal Taxable Income

The separate lines for the Consolidated Income Adjustment (formerly Schedule I, Line 1) and the Depreciation Adjustment (formerly Schedule I, Line 3) have been eliminated because only a relatively small number of filers must make these adjustments. These adjustments are still required and they must be included in the "Other additions" line in Schedule I. The instructions for these adjustments have been moved and are included in the instructions for the Schedule I, "Other additions" line.

Note: Column (b) only needs to be completed by taxpayers required to complete Schedule VI (Alternative Minimum Tax).

### Line 1 - Interest Excluded from Federal Taxable Income

Column (a). Enter the amount of interest excluded from taxable income under s. 103(a), I.R.C., or any other federal law, less the associated expenses disallowed in the computation of taxable income under s. 265(2), I.R.C., or any other law. These items will be included in Schedule M-1 of the federal return.

Column (b). Enter the amount entered under Column (a), less 60 percent of such amount already included in federal alternative minimum taxable income including interest on private activity bonds and interest included in the adjusted current earnings (ACE) adjustment.

### Line 2 - Undistributed Net Long-Term Capital Gains

Columns (a) and (b). If the taxpayer is a real estate investment trust (REIT), enter the undistributed net capital gain for the taxable year computed pursuant to ss. 852(b)(3)(A) and 857(b)(3)(A), I.R.C.

### Line 3 - Net Operating Loss, Net Capital Loss, and Excess Contribution Carryovers

Column (a). Enter the sum of the following and attach a statement identifying each amount included.

- (1) The amount of net operating loss deduction shown on Line 29(a) of the federal Form 1120 or on the corresponding line of other federal income tax forms.
- (2) The net capital loss carryover, as defined in s. 1212, I.R.C., deducted from capital gains in computing federal taxable income for the taxable year. Refer to federal Form 1120, Schedule D, for this adjustment.
- (3) The amount of excess charitable contributions deduction determined under s. 170(d)(2), I.R.C., carried forward and deducted in computing federal taxable income for the taxable year.
- (4) The aggregate amount of excess employee benefit plan deductions determined under s. 404(a)(1)(E), I.R.C., (relating to excess contributions to qualified pension plans) and s. 404(a)(3)(A)(ii), I.R.C., (relating to excess contributions to qualified stock bonus or profit-sharing plans), and carried forward and deducted in computing federal taxable income for the taxable year.

Column (b). The net operating loss deduction should be the amount reflected on the federal Form 4626. The net capital loss and excess contribution carryover deductions are equal to the deduction in Column (a).

### Line 4 - Wages and Salaries Allowable as an Enterprise Zone Jobs Credit

Columns (a) and (b). Enter the portion of wages paid or incurred for the taxable year that is equal to the amount of enterprise zone jobs credit allowable from Florida Form F-1157Z (available from enterprise zone coordinators).

### Line 5 - Ad Valorem Taxes Allowable as an Enterprise Zone Property Tax Credit

Columns (a) and (b). Enter the portion of the ad valorem taxes paid or incurred for the taxable year that is allowable as an enterprise zone property tax credit from Florida Form F-1158Z (available from enterprise zone coordinators) or Florida Form F-1158.

### Line 6 - Guaranty Association Assessment(s) Credit

Columns (a) and (b). Enter the portion of assessments to fund a guaranty association incurred for the taxable year that is equal to the amount of credit allowable for the taxable year.

**Line 7 - Rural and/or Urban High Crime Area Job Tax Credits**

Columns (a) and (b). Enter any amounts taken as the rural and/or urban high crime area job tax credits for the taxable year. This is the total of the amounts on Lines 6 and 7 of Schedule V – Credits Against the Corporate Income/Franchise Tax.

**Line 8 - State Housing Tax Credit**

Columns (a) and (b). Enter the amount allowable as the state housing tax credit for the taxable year. This is the amount of the credit as indicated in the approval letter received from the Florida Housing Finance Corporation.

**Line 9 - Other Additions (attach statement)**

Columns (a) and (b). Enter on Line 9 any other item(s) required to be added as an adjustment to compute adjusted federal income.

Attach explanatory schedules. Examples:

- (1) Partnership adjustment. Florida adjusted federal ordinary partnership income or loss is based on the federal ordinary partnership income or loss with certain modifications (Florida additions and subtractions). To the extent that such modifications increase the taxpayer's distributive share of partnership income or loss included in its federal income tax return, an appropriate addition as determined on Florida Form F-1065 must be entered on Line 9 of this schedule.
- (2) Consolidated income adjustment. Columns (a) and (b). No consolidated income adjustment is necessary unless an election was properly made under s. 220.131(1), F.S., within 90 days of December 20, 1984, or upon filing the taxpayer's first return after December 20, 1984, to file a consolidated return on the same basis as its consolidated returns were filed prior to July 19, 1983. Attach a schedule showing the computation of federal taxable income for the Florida Affiliated Group and the amounts included in the net positive or negative (in parentheses) adjustment.
- (3) Depreciation adjustment. See Schedule A Instructions, Depreciation Elections. Column (a). Taxpayers governed by the General Rule pursuant to s. 220.03(5)(a), F.S., for all taxable years beginning after January 1, 1981, enter zero (0). If a taxpayer did not make an election pursuant to s. 220.03(5)(b) or (c) for taxable years beginning prior to January 1, 1987, the taxpayer will be governed by the General Rule.

If **Election A** was made pursuant to s. 220.03(5)(b), F.S., and depreciable assets were placed in service between January 1, 1981 and December 31, 1981, a depreciation adjustment must be computed for these assets. Include the positive or negative difference, if any, between the depreciation deducted as shown on federal Form 4562 for these assets and the depreciation allowable for these assets under the Internal Revenue Code of 1954, as amended and in effect on January 1, 1980. Attach a copy of federal Form 4562 and a statement setting forth the details of the adjustment.

If **Election B** was made pursuant to s. 220.03(5)(c), F.S., and depreciable assets were placed in service between January 1, 1981, and December 31, 1986, a depreciation adjustment must be computed for these assets. Include the positive or negative difference, if any, between the depreciation deducted as shown on federal Form 4562 for these assets and the depreciation allowable for these assets under the Internal Revenue Code of 1954, as amended and in effect on January 1, 1980. Attach a copy of federal Form 4562 and a statement setting forth the details of the adjustment.

If a taxpayer is governed by Election A or Election B and directly or indirectly owns an interest in a partnership, trust, or other entity not taxable as a corporation, it must include in its adjustment its distributive share of any depreciation difference. The difference in the depreciation for the partnership, trust, or other entity should be computed in the same manner explained above for Election A or Election B. The taxpayer's distributive share of the depreciation difference computed should be added to the difference computed under Election A or Election B on the taxpayer's assets. A copy of the underlying entity's federal Form 4562 and a statement setting forth the details of the adjustment must be attached.

Column (b). Taxpayers who were required to include an amount as a tax preference item on federal Form 4626 for assets for which a depreciation adjustment was made in Column (a) pursuant to s. 220.03(5)(b) or (c), F.S., should adjust the amount included in Column (a) by the amount of the tax preference addition.

Taxpayers required to include amounts in the adjusted current earnings (ACE) adjustment should adjust the amount included in Column (a) by the amount of the depreciation ultimately included in the ACE adjustment.

**Schedule II – Subtractions from Federal Taxable Income**

Taxpayers are not allowed a subtraction from federal taxable income for Social Security and Medicare taxes paid on certain employee tip income when such taxes are taken as a credit on their federal corporate income tax return as part of the federal General Business Credit. Florida Statutes do not provide a similar credit for Florida income tax purposes, nor is there a provision for a subtraction from federal income for the taxes taken as a federal tax credit.

**Note:** Column (b) only needs to be completed by taxpayers required to complete Schedule VI (Computation of Florida Alternative Minimum Tax).

**Line 1 - Gross Foreign Source Income Less Attributable Expenses**

Columns (a) and (b). Enter all amounts included in federal taxable income under s. 78, I.R.C., on Line 1(a). Enter dividends treated as received from sources outside the United States, as determined under s. 862, I.R.C., on Line 1(b). Enter the total of expenses directly and indirectly attributable to ss. 78 and 862, I.R.C., on Line 1(c). Add s. 78 income and s. 862 dividends and subtract expenses [1(a) + 1(b) - 1(c)]. Enter result on Line 1.

## Line 2 - Gross Subpart F Income Less Attributable Expenses

Columns (a) and (b). Enter the subpart F income included in federal taxable income under s. 951, I.R.C., on Line 2(a). Enter the total of expenses directly and indirectly attributable to s. 951, I.R.C., on Line 2(b). Subtract the attributable expenses from the subpart F income [2(a) - 2(b)]. Include copies of all IRS forms, schedules, and worksheets associated with IRS Form 5471.

**Note:** This subtraction:

- Applies to tax periods beginning on or after January 1, 1993.
- Is net of associated expenses.

**Note:** Taxpayers doing business both within and without Florida enter zero (0) on Lines 3, 4, and 5 and complete Line 4 of Schedule IV.

## Line 3 - Florida Net Operating Loss Carryover Deduction

Columns (a) and (b). See Special Instructions, Florida Net Operating Loss Carryover Deduction (Page 6).

## Line 4 - Florida Net Capital Loss Carryover Deduction

Columns (a) and (b). See Special Instructions, Florida Net Capital Loss Carryover Deduction (Page 6).

## Line 5 - Florida Excess Contribution Carryovers

Columns (a) and (b). See Special Instructions, Florida Excess Contribution Carryovers (Page 6).

## Line 6 - Nonbusiness Income

Columns (a) and (b). If the taxpayer's business is entirely within Florida, enter zero (0). If the business is both within and without Florida, enter the amount of nonbusiness income included in federal taxable income from Schedule R, Line 3. See Instructions for Schedule R (Page 18).

## Line 7 - Eligible Net Income of an International Banking Facility

Columns (a) and (b). The eligible net income of an international banking facility is allowed as a deduction from adjusted federal income, to the extent not deductible in determining federal taxable income or subtracted pursuant to s. 220.13(1)(b)2., F.S. See ss. 220.63(5) and 220.62(3), F.S., for a detailed explanation of the computation of eligible net income and a definition of international banking facility.

## Line 8 - Other Subtractions

Columns (a) and (b). Enter any other item required to be subtracted as an adjustment to compute adjusted federal income.

Attach explanatory schedules. Examples:

- (1) Partnership adjustment. Florida adjusted federal ordinary partnership income or loss is based on the federal ordinary partnership income or loss with certain modifications (Florida additions and subtractions). To the extent that such modifications decrease the taxpayer's distributive share of partnership income or loss included in its federal income tax return, an appropriate subtraction as determined on Florida Form F-1065 must be entered on Line 8 of this schedule.

- (2) Certain foreign taxes. Enter the amount of taxes of foreign countries allowable as credits under s. 901, I.R.C., to any corporation that derived less than 20 percent of its gross income or loss for its taxable year ending in 1984 from sources within the United States, as described in s. 861(a)(2)(A), I.R.C., not including withholding taxes specified in s. 220.13(1)(b)5., F.S.

## Schedule III – Apportionment of Adjusted Federal Income

Florida taxpayers doing business within and without Florida are required to apportion their business income to Florida based upon a three-factor formula (average value of property, payroll, and sales factor), except for insurance companies, transportation companies, and taxpayers who have been given prior permission by the Department to apportion income using a different method.

A taxpayer will be considered to be doing business within and without the state if it has income from business activity that is taxable both within and without Florida. A taxpayer is **not** allowed to apportion income if it is not considered to be doing business within and without the state.

The three-factor formula measures Florida's share of adjusted federal income by ratios of the taxpayer's property, payroll, and sales in Florida to total property, payroll, and sales located or occurring everywhere. The apportionment factors are weighted as follows: 25 percent to property, 25 percent to payroll, and 50 percent to sales.

**Note:** If the amount reported in Schedule III-A, Column (b) for either the property or payroll factor is zero, the weighted percentage for the other factor will be 33 1/3 percent and the weighted percentage for the sales factor will be 66 2/3 percent. If the amount reported in Schedule III-A, Column (b) for the sales factor is zero, the weighted percentage for the property and payroll factors will change from 25 percent to 50 percent each. If the amounts reported in Schedule III-A, Column (b) for any two factors are zero, the weighted percentage for the remaining factor will be 100 percent.

All amounts related to nonbusiness income, income related to ss. 78, 862, and 951, I.R.C., and any other income not included in the adjusted federal income (Florida Form F-1120, Page 1, Line 6) must be excluded from the apportionment factors.

### III-A Line 1. Average Value of Property

The property factor is a fraction, the numerator of which is the average value of real and tangible personal property owned or rented and used during the taxable year in Florida, and the denominator of which is the average value of such property owned or rented and used everywhere during the taxable year.

Property owned is valued at original cost, without regard to accumulated depreciation. Property rented is valued at eight times the net annual rental rate. The net annual rental rate is reduced by the annual rental rate received from sub-rentals.

However, the property factor excludes any real or tangible personal property located in Florida, that has been certified to be dedicated exclusively to the activities of sponsored research and development contracts through a state university or a non-public Florida chartered university conducting graduate programs at the professional or doctoral level. This exclusion applies only during the contractual period and the tax savings is limited to the amount paid for the sponsored research. Also, any sponsored research contracts dated prior to July 1, 1998, are not eligible for this exclusion.

A copy of the certification letter, received by the Board of Regents or the university president, should be attached to the return. Also, the taxpayer must include the schedule of items that, as certified by the university, are to be excluded from the property factor.

The average value of property is computed using Schedule III-B. On Lines 1 through 4 of this schedule, enter the beginning-of-year and end-of-year balances for property owned and used within Florida, as well as property owned and used everywhere. Compute the average value using the formula provided on Line 6. Enter the value of rented property on Line 7. Add Lines 6 and 7 and enter the Florida average on Line 8 of the return and on Schedule III-A, Line 1, Column (a). Likewise, add Lines 6 and 7 and enter the everywhere average on Line 8 of the return and on Schedule III-A, Line 1, Column (b).

If substantial fluctuations in the values of the property exist during the tax period or where property is acquired after the beginning of the tax period or disposed of before the end of the tax period, the Department may require or allow monthly averaging of property values. If monthly averages are used, appropriate schedules must be attached.

For corporations not included within the definition of financial organization, intangible personal property will not be included in the property factor. The property factor used by a financial organization must include intangible personal property, except goodwill, which is owned and used in business. The term "financial organization" includes any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, small loan company, sales finance company, or investment company.

The intangible personal property will be valued at its tax basis for federal income tax purposes. Intangible personal property is considered to be in this state if it consists of **any** of the following:

- (a) Coin or currency located in this state.
- (b) Assets in the nature of loans located in this state including balances due from depository institutions, repurchase agreements, federal funds sold, and bankers' acceptances.
- (c) Installment obligations on loans for which the customer initially applied at an office located in this state.
- (d) Loans secured by mortgages, deeds of trust, or other liens upon real or tangible personal property located in this state.
- (e) A portion of a participation loan where the office that enters into the participation is located in this state.
- (f) Credit card receivables from customers who reside or who are commercially domiciled in this state.

- (g) Investments in securities that generate business income where the taxpayer's commercial domicile is in the state, unless such securities have acquired a discrete business situs elsewhere.
- (h) Securities held by a state treasurer or other public official or pledged to secure public funds or trust funds deposited with the taxpayer, if the office where the secured deposits are maintained is in this state.
- (i) Leases of tangible personal property where the taxpayer's commercial domicile is in Florida, unless the taxpayer establishes that the location of the leased tangible property is in another state or states for the entire taxable year and the taxpayer is taxable in such other state or states.
- (j) Installment sale agreements originally executed by a taxpayer or its agent to sell real or tangible personal property located in this state.
- (k) Any other intangible personal property located in this state used to generate business income.

### III-A Line 2. Payroll

The payroll factor is a fraction, the numerator of which is the total amount paid to employees in Florida during the taxable year for compensation and the denominator of which is the total compensation paid to employees everywhere during the taxable year. Enter the numerator in Schedule III-A, Line 2, Column (a). Enter the denominator in Schedule III-A, Line 2, Column (b). For purposes of this factor, compensation is paid within Florida if:

- (a) The employee's service is performed entirely within Florida, *or*
- (b) The employee's service is performed both within and without Florida, but the service performed outside Florida is incidental to the employee's service, *or*
- (c) Some of the employee's service is performed in Florida and either the base of operations or the place from which the service is directed or controlled is in Florida, or the base of operations or place from which the service is controlled is not in any state in which some part of the service is performed and the employee's residence is in Florida.

However, the payroll factor excludes any compensation paid to a Florida employee dedicated exclusively to the activities of sponsored research and development contracts in conjunction with and through a state university or a non-public Florida chartered university conducting graduate programs at the professional or doctoral level. This exclusion applies only during the contractual period and the tax savings is limited to the amount paid for the sponsored research. Also, any sponsored research contracts dated prior to July 1, 1998, are not eligible for this exclusion.

A copy of the certification letter, received by the Board of Regents or the university president, should be attached to the return. Also, the taxpayer must include the schedule of items that, as certified by the university, are to be excluded from the payroll factor.

The taxpayer must attach a statement listing all compensation paid or accrued for the taxable year other than that shown on Schedule A of federal Form 1120.

### III-A Line 3. Sales Factor

The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in Florida during the taxable year and the denominator of which is the total sales of the taxpayer everywhere during the taxable year. Enter the numerator on Schedule III-A, Line 3, Column (a) and the denominator on Schedule III-A, Line 3, Column (b). Use Schedule III-C to calculate the sales factor.

The term "total sales" is defined as gross receipts without regard to returns or allowances. The term "sales" is not limited to tangible personal property, and may include:

- (a) Rental or royalty income if such income is significant in the taxpayer's business.
- (b) Interest received on deferred payments of sales of real or tangible personal property.
- (c) Income from the sale, licensing, or other use of intangible personal property.
- (d) Sales of services.
- (e) For financial organizations, income from intangible personal property.

#### Sales will be attributable to Florida using the following criteria:

- Sales of tangible personal property will be "Florida sales" if the property is delivered or shipped to a purchaser within this state, regardless of the F.O.B. point or other conditions of the sale or ultimate destination of the property.
- Rentals will be "Florida sales" if the real or tangible personal property is in this state.
- Interest received on deferred payments of sales of real or tangible personal property will be included in "Florida sales" if the sale of the property is in Florida.
- Sales of service organizations are within Florida if the services are performed in Florida.

#### For a financial organization "Florida sales" will also include:

- (a) Fees, commissions, or other compensation for financial services rendered within this state.
- (b) Gross profits from trading in stocks, bonds, or other securities managed within this state.
- (c) Interest, other than interest from loans secured by mortgages, deeds of trust, or other liens upon real or tangible property located outside this state.
- (d) Dividends received within this state.
- (e) Interest charged to customers at their business locations in this state, for carrying debit balances on margin accounts, without deduction of any costs incurred in carrying such accounts.
- (f) Interest, fees, commissions, and other charges or gains from loans secured by mortgages, deeds of trust, or other liens upon real or tangible personal property located in this state or from installment sale agreements originally executed by a taxpayer or his agent to sell real or tangible personal property located in this state.
- (g) Any other gross income, including other interest, resulting from the operation as a financial organization within this state.

### III-A Line 4. Apportionment Fraction

For Lines 1, 2, and 3 of Schedule III-A, divide the amount in Column (a) by the amount in Column (b). Round the result to six decimal places. Enter the result in Column (c) of Schedule III-A. In Column (d), use the appropriate weight for each factor. See the note on Page 12 for more detailed information. Multiply the amount in Column (c) by the weighted percentage in Column (d). Round the result to six decimal places. Enter the result in Column (e).

To compute the Florida apportionment fraction, add the weighted factors on Schedule III-A, Lines 1, 2, and 3 of Column (e). Enter the total on Schedule III-A, Line 4 and on Schedule IV, Line 2.

## III-D. Special Apportionment Fractions

### Insurance Companies

Except for insurance companies whose principal source of premiums consists of premiums for reinsurance, insurance companies apportion adjusted federal income to Florida by multiplying it by a fraction, the numerator of which is the direct premiums written for insurance upon properties and risks in Florida and the denominator of which is direct premiums written on properties and risks everywhere. The term "direct premiums written" is defined as the total amount of direct premiums written, assessments, and annuity considerations, as reported on the annual statement filed by the company with the Florida Insurance Commissioner.

If the principal source of premiums written by an insurance company consists of premiums for reinsurance accepted by it, the numerator and denominator of the above fraction include the direct premiums written plus premiums written for reinsurance.

Enter the amounts within Florida in Column (a) and amounts everywhere in Column (b) on Section III-D, Line 1. Divide Column (a) by Column (b) and enter the result on Section III-D, Line 1, Column (c) and on Schedule IV, Line 2.

**Note:** Insurance companies using this apportionment fraction should attach a copy of Schedule T from their annual report.

### Transportation service companies

Taxpayers furnishing transportation services will use a single factor apportionment fraction to apportion their income to Florida. The term "taxpayers furnishing transportation services" includes taxpayers engaged exclusively in interstate commerce.

The income of transportation companies is apportioned to Florida by multiplying their adjusted federal income by a fraction, the numerator of which is the revenue miles within Florida and the denominator is the revenue miles everywhere.

For transportation other than by pipeline, a revenue mile is the transportation of one passenger or one net ton of freight the distance of one mile for consideration.

Enter the amount within Florida in Column (a) and the amount everywhere in Column (b) on Section III-D, Line 2. Divide Column (a) by (b) and enter the result on Section III-D, Line 2, Column (c) and on Schedule IV, Line 2.

## Schedule IV – Computation of Florida Portion of Adjusted Federal Income

A taxpayer doing business within and without Florida should use Schedule IV to compute the Florida portion of the adjusted federal income. A taxpayer is not allowed to apportion income if it is not considered to be doing business within and without Florida, and should not use Schedule IV.

Taxpayers required to compute Florida alternative minimum tax (see instructions for Schedule VI, Page 17) must compute the Florida portion of adjusted federal income in Column (a) and the Florida portion of adjusted federal alternative minimum taxable income in Column (b). Taxpayers not required to compute Florida alternative minimum tax should only compute the Florida portion of adjusted federal income in Column (a).

### Column A - Apportionment of Adjusted Federal Income

#### Line 1, Column (a) - Apportionable Adjusted Federal Income

Enter the adjusted federal income from Line 6, on the front page of the Florida Form F-1120.

#### Line 2, Column (a) - Florida Apportionment Fraction

Enter the Florida apportionment fraction from either Section III-A, Line 4 or Section III-D, Column (c).

#### Line 4, Column (a) - Net Operating Loss and Other Carryovers

Enter the sum of any available Florida net operating loss carryover deduction, net capital loss carryover, and excess charitable or employee benefit plan contribution carryover. See Special Instructions, Florida Net Operating Loss Carryover Deductions, Florida Net Capital Loss Carryover Deductions, and Florida Excess Contribution Carryovers on Page 6.

To support a deduction, a **schedule** must be attached showing how the deduction was computed, i.e., year(s) of loss, apportionment fraction for the taxable year in which the loss occurred, and amounts of the carryover(s) previously deducted.

#### Line 5, Column (a) - Adjusted Federal Income Apportioned to Florida

Subtract Line 4, Column (a) from Line 3, Column (a) and enter the difference on this line and on Line 7, on the front page of the Florida Form F-1120.

### Column B - Apportionment of Adjusted Alternative Minimum Taxable Income

#### Line 1, Column (b) - Apportionable Adjusted Federal Income

Enter the adjusted federal alternative minimum taxable income from Schedule VI, Line 6.

#### Line 2, Column (b) - Florida Apportionment Fraction

Enter the Florida apportionment fraction from either Section III-A, Line 4 or Section III-D, Column (c).

#### Line 4, Column (b) - Net Operating Loss and Other Carryovers

Follow instructions for Schedule IV, Line 4, Column (a), instructions for Schedule VI, and see Special Instructions for Florida (NOLD).

#### Line 5, Column (b) - Adjusted Federal Income Apportioned to Florida

Subtract Line 4, Column (b) from Line 3, Column (b) and enter the difference on this line and on Schedule VI, Line 7.

## Schedule V – Credits Against the Corporate Income/Franchise Tax

**Note:** Credits against the tax may not exceed the corporate income/franchise tax liability.

Section 220.02(10), F.S., provides for an order of application for the credits against corporate income tax. The credits are listed in **Schedule V** in the order they are to be applied. The Florida Life and Health Insurance Guaranty Association (FLHIGA) Assessment Credit, available to certain insurers, is not listed in section 220.02(10), F.S. Therefore, the FLHIGA credit is to be included in the “other credits” on Line 15; and the instructions for the credit can be found with the instructions for Line 15.

#### Line 1 - Florida Health Maintenance Organization Consumer Assistance Assessment Credit

A member of the Health Maintenance Organization Consumer Assistance Plan may offset against its corporate income tax liability assessments made under s. 631.828, F.S., to the extent of 20 percent of the amount of such assessments for each of the five calendar years following the year in which such assessment was paid. Attach a copy of the assessment notice to Florida Form F-1120.

#### Line 2 - Capital Investment Tax Credit

An annual capital investment tax credit is available to a qualifying business that establishes a qualifying project. Attach a copy of the certification received from the Office of Tourism, Trade and Economic Development indicating that the business has been approved to receive this credit. A pro forma tax return indicating the qualifying project's Florida taxable income for the year must also be attached to be able to claim this credit. This credit is granted against only the portion of Florida corporate income tax generated by, or arising out of, the qualifying project. Businesses may apply for this credit with Enterprise Florida, Inc. at 850-488-6300. A taxpayer that takes this credit against insurance premium tax is not eligible to take it against Florida corporate income tax.

#### Line 3 - Enterprise Zone Jobs Credit

Any business claiming the credit must complete and attach Florida Form F-1157Z, available from enterprise zone coordinators. Enter the amount from Florida Form F-1157Z on Schedule V, Line 3. Taxpayers claiming the credit must add back the amount allowable for the current taxable year on Schedule I, Line 4.

#### **Line 4 - Community Contribution Tax Credit**

A business is allowed a credit of 50 percent of a qualified community contribution against its corporate income/franchise tax liability for the taxable year of the contribution. The amount of the community contribution credit allowed is limited to \$200,000 per taxpayer. Any unused credits may be carried forward for a period not to exceed five years.

Community contribution credits require the approval of the Office of Tourism, Trade and Economic Development. A copy of the decision approving the credit must be attached to the Florida Form F-1120 on which the credit is claimed. **Note:** This credit applies to projects approved after July 1, 1995. Insurance companies may not claim the community contribution credit against their corporate income tax liability.

#### **Line 5 - Enterprise Zone Property Tax Credit**

A credit is allowed for:

- **The Enterprise Zone Property Tax Credit Program that expired June 30, 1994.** Any business claiming credit carried over from the Enterprise Zone Property Tax Credit Program, which expired June 30, 1994, must complete and attach Florida Form F-1158. Enter the amount of enterprise zone property tax credit, including any applicable carryover credit, from Florida Form F-1158. **Note:** Taxpayers claiming the credit must add back the amount allowable for the current year on Schedule I, Line 5.
- **The Enterprise Zone Property Tax Credit Program that began July 1, 1995.** Any business claiming credit must complete and attach Florida Form F-1158Z, available from enterprise zone coordinators. Enter the amount of enterprise zone property tax credit, including any applicable carryover credit, from Florida Form F-1158Z. **Note:** Taxpayers claiming the credit must add back the amount allowable for the current year on Schedule I, Line 5.

#### **Line 6 - Rural Job Tax Credit, and Line 7 - Urban High Crime Area Job Tax Credit**

An application for eligibility must be submitted to the Office of Tourism, Trade and Economic Development (OTTED) annually. A copy of the approval from OTTED must be attached to the return. A corporation that uses one of these credits against sales and use tax is not eligible to take the same credit against Florida corporate income tax. Any unused credit may be carried forward for a period not to exceed five years. **Note:** Taxpayers claiming these credits must add back the amounts claimed for the current year on Schedule I, Line 7.

#### **Line 8 - Emergency Excise Tax (EET) Credit**

A credit for EET is available in the fifth taxable year following the taxable year for which the tax was paid. If the amount available as a credit exceeds the amount of the total EET due on Schedule A, Line 18, the excess credit may be used on Schedule V, Line 8. Taxpayers filing a final year return should enter the amount of any Florida EET paid and not previously claimed as a credit. **Attach a schedule showing computations to support the credit claimed.**

#### **Line 9 - Hazardous Waste Facility Tax Credit**

A credit is allowed to the owner of any commercial hazardous waste facility for the sum of: (a) expenses for required hydrologic, geologic, or soil site evaluations and permit fees, and (b) 5 percent of the cost of stationary facility equipment used for recycling hazardous wastes pursuant to s. 220.184, F.S. Any unused credit may be carried forward up to five years.

#### **Line 10 - Florida Alternative Minimum Tax (AMT) Credit**

A credit for Florida AMT paid is allowable in any tax year in which "regular" Florida tax is due subsequent to the tax year for which Florida AMT was paid. The amount of the credit is equal to the amount of the AMT paid over the amount of "regular" tax that would have otherwise been due.

The amount of AMT credit that may be taken in a subsequent tax year is limited to the amount of "regular" tax that is due, over the amount of AMT that would be due if the AMT statutes were applicable.

#### **Line 11 - Contaminated Site Rehabilitation Tax Credit**

A credit is available to eligible entities for a percentage of the costs of a voluntary cleanup of a contaminated site. Any corporation that wishes to obtain this credit must submit with its return a tax credit certificate issued by the Florida Department of Environmental Protection. Additional information can be obtained by contacting the Department of Environmental Protection, Bureau of Waste Cleanup, at 850-488-0190. A taxpayer that takes this credit against intangible personal property tax in a given tax year is ineligible to receive this credit against Florida corporate income tax. Any unused credit may be carried forward for a period not to exceed five years.

#### **Line 12 - Child Care Tax Credits**

A credit against Florida corporate income tax is available for certain child care costs, including contributions made to nonprofit corporations that use the contributed dollars for expenditures in connection with the operation of an eligible child care facility. Florida Form F-1159, *Application for Child Care Tax Credits*, available from the Department of Revenue, must be submitted for each taxable year to receive approval to take this credit. A copy of the approval letter from the Department of Revenue must be attached to the return. A taxpayer that takes this credit against insurance premium tax is not eligible to take it against Florida corporate income tax. Any unused credit may be carried forward for a period not to exceed five years.

#### **Line 13 - State Housing Tax Credit**

A credit is available against Florida corporate income tax based upon certain low income housing projects for a five year credit period beginning with the year the project is completed. A taxpayer that wishes to participate in the State Housing Tax Credit Program must submit an application to the Florida Housing Finance Corporation. A copy of the approval letter from the Florida Housing Finance Corporation must be attached to the return. Additional information can be obtained from the Low Income Housing Administrator at 850-488-4197. **Note:** Taxpayers must add back the amount allowable for the current year on Schedule I, Line 8.

#### **Line 14 - Credit Carryover from Recomputed Prior Tax Liabilities**

Taxpayers that chose Election A or B for emergency excise tax purposes, for tax years prior to January 1, 1987, enter any unused credit.

**Line 15 - Other Credits**

Enter the amount of any other credits allowable against the corporate income/franchise tax. Attach a supporting schedule indicating the type and amount of any allowable credit.

**Florida Life and Health Insurance Guaranty Association (FLHIGA) Assessment Credit**

Under s. 631.72, F.S., a member insurer of FLHIGA may credit against its insurance premium or corporate income tax liabilities any assessments described in s. 631.718, F.S., to the extent of 0.1 percent of the amount of the assessment for each assessment levied before January 1, 1997, for each year following the year in which the assessment was paid, and a credit of five percent of each assessment levied and paid after December 31, 1996, for each of the 20 years following the year in which the assessment was paid. The total amount of assessment claimed as a credit is less any refunds received pursuant to s. 631.718(6), F.S.

If, however, a member insurer should cease doing business, all uncredited assessments may be credited against its insurance premium or corporate income tax liability for the year it ceases doing business.

The same assessment amount may not be offset by an insurer against both its insurance premium and corporate income tax liabilities.

Attach a statement showing the computations to support the credit claimed, a copy of the Assessment Levy, and a copy of the Certificate of Contribution for each assessment claimed as a credit.

**Line 16 - Total Credits Against the Tax**

Enter the sum of Lines 1 through 15 on this line and on Line 12 on the front page of Florida Form F-1120.

**Schedule VI – Computation of Florida Alternative Minimum Tax (AMT)**

If a corporation did not pay federal AMT for the related federal taxable year, it will not have to pay AMT to Florida, and should not complete Schedule VI.

Corporations required to pay federal AMT must compute the amount of “regular” Florida corporate income/franchise tax and the amount of Florida AMT that may be due. The corporation is liable for whichever amount is greater.

Florida AMT is 3.3 percent of the Florida alternative minimum taxable income (AMTI). The computation of the Florida AMTI is similar to the computation of the regular Florida taxable income. The primary difference is the starting point for the computation. The federal AMTI, after exemption, is the base used for computing the Florida AMTI.

A corporation that is part of an affiliated group, which filed a consolidated return for federal tax purposes and paid the federal AMT, must compute Florida AMT even if it files a separate return for Florida. This is true even if the individual corporation would not have been subject to federal AMT if a separate federal return had been filed. The separate

corporation must compute its federal AMTI using a pro forma 4626. The amounts reflected on the pro forma 4626 should be the actual amounts computed as the AMTI after the exemption. That is, where the actual amount computed is a loss, the loss should be reflected on the pro forma 4626, even though the instructions to the 4626 may indicate that a zero should be reflected if the AMTI is less than zero. The federal form instructions indicate that zero should be entered if the actual amount is less than zero. The actual amount should be reflected for purposes of computing the Florida AMT.

The Florida Income Tax Code does not create a separate net operating loss deduction (NOLD) for AMT purposes or limit the amount of the NOLD to 90 percent of AMTI before the NOLD. See Special Instructions, Florida Net Operating Loss Carryover Deduction (Page 6). Any available tax credits itemized in Schedule V should be used against the amount of AMT due.

**Line 1 - Federal Alternative Minimum Taxable Income (AMTI) after Exemption**

Enter the amount of federal AMTI, after the allowed \$40,000 exemption or reduced exemption stated on the federal form 4626.

**Line 2 - State Income Taxes Deducted in Computing Federal Taxable Income**

Enter the total amount of state income taxes deducted on the federal return in the computation of federal taxable income. Include the amount deducted for income taxes paid to all states, including Florida. Also include any Florida emergency excise tax deducted on the federal return. Do not include taxes based on gross receipts or income taxes paid to cities or counties. Prepare a list identifying the amount of tax and the state to which it was paid and attach it to Florida Form F-1120.

**Line 3 - Additions to Federal Taxable Income**

Enter the amount from Schedule I, Line 10, Column (b).

**Line 5 - Subtractions from Federal Taxable Income**

Enter the amount from Schedule II, Line 9, Column (b).

**Line 7 - Florida Portion of Adjusted Federal Income**

If the taxpayer’s business is conducted entirely within Florida, enter the amount reported on Schedule VI, Line 6 on this line, also.

If the taxpayer’s business is conducted both within and without Florida, complete Column (b) titled “Adjusted AMT Income” in Schedule IV. On Schedule VI, Line 7, enter the amount from Schedule IV, Line 5, Column (b).

**Line 8 - Nonbusiness Income Allocated to Florida**

If the taxpayer’s business is conducted entirely within Florida, enter zero. If the business is both within and without Florida, see Schedule R.

**Line 9 - Florida Exemption**

See instructions on Page 7 for Line 9 on the first page of Florida Form F-1120.

**Note:** The amounts entered in Schedule VI are not reduced by any amount entered on the front page of Florida Form F-1120.

## Schedule R – Nonbusiness Income

**Note:** Taxpayers that conduct business entirely within Florida need not complete Schedule R.

Nonbusiness income is not subject to apportionment, but is allocated as provided in s. 220.16, F.S. The term nonbusiness does not include income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations, or any amounts that could be included in apportionable income without violating the due process clause of the U.S. Constitution. In general, all transactions and activities of a taxpayer, that are dependent upon, or contribute to, the operations of the taxpayer's economic enterprise as a whole, constitute the taxpayer's trade or business. Functionally-related dividends are presumed to be business income.

Nonbusiness income means rents and royalties from real or tangible personal property, capital gains, interest, dividends, and patent and copyright royalties, to the extent they do not arise from transactions and activities in the regular course of a taxpayer's trade or business.

### Line 1 - Nonbusiness Income (Loss) Allocated to Florida

Enter each type (for example, dividends, interest, and royalties) and the amount of nonbusiness income allocated to Florida on this line, and on Line 8 on the front page of Florida Form F-1120. AMT filers should enter the amount of nonbusiness income allocated to Florida on Schedule VI, Line 8.

### Line 2 - Nonbusiness Income (Loss) Allocated Elsewhere

Enter each type (for example, dividends, interest, and royalties), the state or country to which the nonbusiness income is allocated, and the amount of nonbusiness income.

### Line 3 - Total Nonbusiness Income

Enter the sum of Lines 1 and 2 on Line 3 and on Schedule II, Line 6.

## Estimated Tax Worksheet

Estimated tax payments must be made if the combined corporate income and emergency excise tax liability exceeds \$2,500. Complete the worksheet to determine if estimated tax is due.

### Line 2 - Florida Exemption \$5,000

**Members of a Controlled Group** - Only one \$5,000 exemption is allowed to a controlled group of corporations. For any Florida taxpayer who is a member of a controlled group, the manner in which the members allocate the \$5,000 exemption for purposes of filing the annual Florida return will be binding upon all members with respect to estimated tax. This includes the determination of whether a declaration was required and the computation of penalties and interest on underpayments.

## Forms

**Additional forms** (with corresponding form numbers) which may be needed. See Page 2, "For Information and Forms" for information on how to obtain forms.

<b>F-1120A</b>	<i>Florida Corporate Short Form</i>
<b>F-1120X</b>	<i>Amended Florida Corporate Income Tax Return with Instructions</i>
<b>F-7004</b>	<i>Corporate Extension of Time Request</i>
<b>DR-601C</b>	<i>Florida Intangible Personal Property Tax Return for Corporation, Partnership, and Fiduciary Filers</i>
<b>F-1065</b>	<i>Florida Partnership Information Return with Instructions</i>
<b>F-851</b>	<i>Affiliations Schedule</i>
<b>F-1122</b>	<i>Authorization and Consent of Subsidiary Corporation to be included in a Consolidated Income and Emergency Excise Tax Return</i>
<b>F-1158</b>	<i>Enterprise Zone Property Tax Credit</i>
<b>F-2220</b>	<i>Underpayment of Estimated Tax on Florida Corporate Income, Franchise, or Emergency Excise Tax</i>

## Due Dates for Declaration of Estimated Tax

Due Dates for:	Taxable Year End											
	Dec 31	Jan 31	Feb 28	Mar 31	Apr 30	May 31	Jun 30	Jul 31	Aug 31	Sep 30	Oct 31	Nov 30
1st installment	5/1	6/1	7/1	8/1	9/1	10/1	11/1	12/1	1/1	2/1	3/1	4/1
2nd installment	7/1	8/1	9/1	10/1	11/1	12/1	1/1	2/1	3/1	4/1	5/1	6/1
3rd installment	10/1	11/1	12/1	1/1	2/1	3/1	4/1	5/1	6/1	7/1	8/1	9/1
4th installment	1/1	2/1	3/1	4/1	5/1	6/1	7/1	8/1	9/1	10/1	11/1	12/1